

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL
Regular Meeting: April 12, 2018

Item Number: **024**

Telecommunications and Regulatory Affairs

Approve an ordinance suspending a Gas Reliability Infrastructure Program interim customer surcharge proposed by Texas Gas Service Company.

Lead Department	Telecommunications and Regulatory Affairs.
Fiscal Note	This item has no fiscal impact.
For More Information	Rondella M. Hawkins, TARA Officer; 512-974-2422.

Additional Backup Information:

On March 2, 2018, Texas Gas Service Company, a division of ONE Gas, Inc., filed a Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other cities it serves in the Central Texas service area (CTXSA). Other cities include Bee Caves, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yokum, Texas.

The filing notifies cities of Texas Gas Service’s intent to increase rates by \$3,031,779 which is based on the net increase in capital investment in the CTXSA for the period of January 1, 2017 through December 31, 2017.

This filing was made under Texas Utilities Code, Section 104.301 that allows a gas utility to annually recover capital investments in gas pipeline infrastructure and related expenses made during the interim period between formal rate case filings. GRIP rates must be based on reasonable increases in invested capital costs. Operation and maintenance costs are not recovered through GRIP.

Based on company-provided information, the proposed assessment will increase the average monthly bill for typical Residential and Commercial customer bills as follows:

	2018		Adjusted		
	Current	Interim	Rate	Percent	Customer
	Customer	Adjustment	Change	Change	Charge
	Charge	Based on 2017			
	Investment				
Residential	\$16.61	\$.88	4.04%		\$17.49
Commercial	\$43.79	\$3.76	4.43%		\$47.55

The City has original jurisdiction over natural gas utilities serving Austin residents. As the local regulatory authority, the City Council has authority to suspend implementation of the proposed rate increase for up to 45 days to allow a complete and thorough review before final approval. Staff recommends Council approval of this ordinance that suspends the effective date.

Article XI of the City Charter requires that City Council conduct a public hearing before taking action on the proposed rates. Staff will bring its recommended action on the GRIP rate adjustment to City Council at a future meeting.